

## **QUICKLOGIC CORPORATION**

### **CHARTER FOR THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

#### **PURPOSE:**

The purpose of the Compensation Committee (the "Committee") of the board of directors (the "Board") of QuickLogic Corporation (the "Company") is (i) to discharge the Board's responsibilities relating to compensation of the Company's directors and executive officers, (ii) to review and recommend to the Board compensation plans, policies and benefit programs, as well as approve individual executive officer compensation, and (iii) to approve any reports on executive compensation required to be included in the Company's annual proxy statement or annual report on Form 10-K. The Committee has the authority to undertake the specific duties and responsibilities listed below and will have the authority to undertake such other specific duties as the Board from time to time prescribes.

#### **STATEMENT OF PHILOSOPHY:**

The Company's philosophy in setting its compensation policies for executive officers is to maximize stockholder value over time. The Committee sets the Company's compensation policies applicable to the executive officers, including the Chief Executive Officer, and evaluates the performance of such officers. The Committee strongly believes that executive cash compensation should be competitive and that long-term compensation should be directly linked to continuous improvement in corporate performance and increases in stockholder value. In this regard, the Committee has adopted the following guidelines for compensation decisions:

- Provide a competitive total compensation package that enables the Company to attract and retain key executive talent.
- Align all pay programs with the Company's annual and long-term business strategies and objectives.
- Provide variable compensation opportunities that are directly linked to the performance of the Company, to individual contribution and that link executive reward to stockholder return.

The Committee focuses primarily on the following three components in forming the total compensation package for its executive officers:

- Base Salary
- Annual Incentive Bonus
- Long-Term Incentives

#### **MEMBERSHIP:**

The Committee shall consist of a minimum of two (2) independent directors, all of whom shall meet the following criteria:

- Each member shall satisfy the definition of "independent" in accordance with the applicable rules of the NASDAQ and the Securities and Exchange Commission the ("SEC");
- Each member will be an outside director under Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations adopted by the Internal Revenue Service under such section;
- Each member will be a non-employee director under Rule 16b-3 adopted by the SEC under Section 16 of the Securities Exchange Act of 1934, as amended; and
- Each member will meet any other requirements imposed by applicable law, regulations or rules.

The members of the Committee are appointed by and serve at the discretion of the Board.

## **RESPONSIBILITIES:**

The responsibilities of the Committee include:

- Reviewing and setting the compensation for the Chief Executive Officer (CEO), Executive Chairman of the Board (ECB) and the directors of the Company; provided, however, that the CEO or ECB may not be present during voting or deliberations by the Compensation Committee on CEO or ECB compensation, respectively;
- Reviewing and setting the compensation packages for all other executive officers and such other officers of the Company as directed by the Board;
- Reviewing and approving all forms of compensation (including all "plan" compensation, as such term is defined in Item 402(a)(7) of Regulation S-K promulgated by the Securities and Exchange Commission, and all non-plan compensation) to be provided to the executive officers of the Company;
- Reviewing and making recommendations to the Board regarding general compensation goals and guidelines for the Company's employees and the criteria by which bonuses to the Company's employees are determined;
- Administering the Company's stock option or other equity-based plans, including the granting of any stock options or restricted stock units to executive officers, the review and grant of stock options and restricted stock units to eligible employees under the Company's existing stock plans. In its administration of the plans, the Committee may, pursuant to authority delegated by the Board (i) grant stock options or restricted stock units to individuals eligible for such grants (including grants to individuals subject to Section 16 of the Securities Exchange Act of 1934 in compliance with Rule 16b-3 promulgated thereunder), and (ii) amend such stock options or restricted stock units. The Committee shall also make recommendations to the Board with respect to amendments to the plans and changes in the number of shares reserved for issuance thereunder;

- Reviewing and making recommendations to the Board regarding other plans that are proposed for adoption or adopted by the Company for the provision of compensation to employees of, directors of and consultants to the Company;
- Reviewing and making recommendations to the Board regarding compensation practices and policies for all employees, directors or consultants;
- Assessing on an annual basis potential material risk to the Company from its compensation programs and policies, including incentive and commission plans at all levels.
- Reviewing and discussing with management the Company's Compensation Discussion and Analysis (CD&A), and recommending that the CD&A be included in the Company's Form 10-K or proxy statement;
- Issuing any report required to be prepared by the Committee for inclusion in the Company's proxy statement or annual report on Form 10-K, as required by rules of the SEC, including the Compensation Committee Report;
- Authorizing the repurchase of shares from terminated employees pursuant to applicable law;
- Reviewing and approving all major compensation or benefit programs involving the Company's equity and compensation or benefit commitments that extend beyond one year, including pension and profit-sharing plans;
- Reviewing and re-assessing the adequacy and scope of this Charter at least annually and recommending any proposed changes to the Board for approval;
- Reviewing and approving all agreements or arrangements with independent advisors and compensation and benefits specialists engaged to provide advisory services to the Company, including reviewing the independence of such advisors and specialists in accordance with the rules of the SEC and NASDAQ;
- Considering the view of stockholders on executive compensation matters, including advisory votes to approve executive compensation, stockholder proposals and related matters; and
- At least once every sixth year (next required in 2017), the Committee shall recommend to the Board of Directors for inclusion in the annual proxy statement a stockholder proposal regarding the frequency of stockholder advisory votes to approve executive compensation (a "Say When on Pay" stockholder advisory vote)

#### **MEETINGS:**

The Committee shall meet at least annually or from time to time as necessary to carry out its responsibilities. The Committee may establish its own schedule, which it will provide to the Board in advance. The Committee may also act by written consent or e-mail consent, which shall constitute a valid action of the Committee if it has been approved by each Committee member and shows the date of approval. The written consent or e-mail consent will be effective on the date of the last response and

will be filed with the minutes of Board meetings.

The Committee shall have the authority to retain and meet privately with independent advisors and compensation and benefits specialists as needed. The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

#### **MINUTES:**

The Committee will maintain written minutes of its meetings, written consents and e-mail consents, which will be filed with the minutes of the meetings of the Board.

#### **REPORTS:**

The Committee will provide written reports to the Board of the Company regarding recommendations of the Committee submitted to the Board for action, and copies of the written minutes of its meetings.

#### **COMMITTEE AUTHORITY AND RESOURCES; CONSIDERATION OF NASDAQ INDEPENDENCE FACTORS**

The Committee also shall have the authority to retain compensation consultants, independent legal counsel, accounting, actuarial or other advisors, following consideration of independence factors specified by NASDAQ (the "Independence Factors"). Specifically, these Independence Factors are:

1. The provision of other services to the Company by the entity employing the advisor (the "Advisor Entity").
2. The amount of fees received from the Company by the Advisor Entity as a percentage of the total revenue of the Advisor Entity.
3. The policies and procedures of the Advisor Entity that are designed to prevent conflicts of interest.
4. Any business or personal relationship of the advisor with a Committee member.
5. Any stock of the Company owned by the advisor.
6. Any business or personal relationship of the advisor or the Advisor Entity with an executive officer of the Company.

The Company shall be responsible for paying reasonable compensation, as determined by the Committee in its sole discretion, for such advisors. The Committee shall have the authority to approve such advisors' compensation and other retention terms and to oversee their work. The Committee may also utilize the services of the Company's regular outside legal counsel or other advisors to the Company, but only following consideration of the Independence Factors. The Committee shall not be required to consider the Independence Factors prior to obtaining advice from in-house counsel. The Committee shall

also not be required to consider the Independence Factors prior to obtaining an advisor's counsel on (i) any broad-based plan that does not discriminate in scope, terms or operation, in favor of executive officers or directors of the Company and that is generally available to all salaried employees, or (ii) any information that is not customized for the Company or that is customized based upon parameters not developed by the advisor or the Company, and about which the advisor does not provide advice. The Committee shall also have the authority to terminate its advisors.